

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6615

BILL NUMBER: SB 328

NOTE PREPARED: Dec 30, 2014

BILL AMENDED:

SUBJECT: Medicare Supplement for State Employees.

FIRST AUTHOR: Sen. Leising

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill requires the State Personnel Department (SPD) to make available to certain state employees a group Medicare supplement insurance policy. The bill requires the state to pay a percentage of the group Medicare supplement policy premium equal to the average percentage paid for self-insured health coverage for active employees.

Effective Date: July 1, 2015.

Explanation of State Expenditures: *Summary:* This bill could increase General Fund expenditures to provide an employer contribution for active state employees over the age of 65 who select Medicare Supplement Plan F policies. The maximum annual increase in state expenditures is summarized in the following table.

Fiscal Year	Maximum State Expenditure Increase
2016	\$2.43 M
2017	\$3.36 M

Additional Information: The bill requires the state to provide Medicare Supplement Plan F policies to active state employees after they become eligible for Medicare coverage. The bill also requires the state to pay a percentage of the premium that is equal to the average state percentage paid for state employee health plan

premiums.

The CY 2015 blended employer percentage contribution for all state employee health plans is approximately 88%. Individuals become eligible for Medicare at age 65. The following table shows estimates of the number of current state employees who (1) will qualify for Medicare and (2) retain active employee status, by year.

Fiscal Year	Estimated Active State Employees
2016	1,071
2017	1,437

The average monthly premium for Medicare Supplement Plan F coverage in the state was reported to be \$186 in 2010 (\$2,232 annualized). After adjusting for inflation, annual premiums in 2016 and 2017 are estimated to be \$2,578 and \$2,655, respectively. If the state were responsible for 88% of the premiums for Medicare Supplement Plan F coverage, an estimated \$2,269 for FY 2016 and \$2,337 for FY 2017 per eligible state employee could annually be expended.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected:

Information Sources: Kaiser Family Foundation, *Medigap Reform: Setting the Context for Understanding Recent Proposals*. January 2014; Christy Tittle, State Personnel Department; Indiana PERF Retirement Data; U.S. Bureau of Labor Statistics, *Consumer Price Index*.

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